

Message Text

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ACTION SS-25

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FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC NIACT IMMEDIATE 631

C O N F I D E N T I A L GEORGETOWN 2142

EXDIS

E.O. 11652: GDS

TAGS: EINV, GY

SUBJECT: DISCUSSION WITH MINMINES JACK OF REYNOLDS TAX/NATIONALI-
ZATION

EXDIS

DEPT ALSO PASS OPIC

REF: GEORGETOWN 2079

1. IN TWO-HOUR SESSION TODAY (12/5) HUNT (OPIC) AND AMBASSADOR
WENT OVER SEVERAL POINTS OF REYNOLDS TAX/NATIONALIZATION CASE
WITH MINMINES JACK AND PERMSEC BARKER. HUNT INITIALLY MEN-

TIONED GERMAINE REPORT AND, IN VIEW OF ITS BREVITY, SUGGESTED
IT NOT RPT NOT STAND N WAY OF EARLY DISCUSSION OF SPECIFICS.
JACK AGREED TO THIS AND TALKS CENTERED ON FOLLOWING:

(A) PENSION FUND REPATRIATION WOULD BE HANDLED AS SEPARATE ITEM;
PERHAPS LATER IN DAY OR NEXT DAY, WITH REPS FROM MINFINANCE.

(B) JACK PROPOSAL OF EVERTON-KWAKWANI SPLIT, WHICH JACK REITERATED
THREE OR FOUR TIMES, EVEN HOUGH HUNT GAVE CLEAR INDICATION OF
REYNOODS COOL RECEPTION TO IDEA.

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(C) HUNT SUGGESTED THAT ARRANGEMENTS FOR REHIRE OF RETRENCHED

WORKERS AND RESUMPTION OF SHIPMENTS BE HANDLED AS TRANSITION ITEMS IN HEADS OF AGREEMENT. JACK NOTED THAT GOG NOT RPT NOT OVERLY CONCERNED WITH THIS SINCE THERE ARE ONLY ABOUT THREE WEEKS REMAINING BEFORE VESTING DAY. JACK NOTED NO RPT NO REPLY FROM REYNOLDS ON GOG CONTENTION THAT COMPANY OBLIGATED TO MAKE FULL SEVERANCE PAY EVEN AFTER DEC 31, EITHER IN LUMP SUM OR BY CONTINUING PRESENT PHASED PAYMENTS.

(D) GOG HAS OWN REPORT OF TECHNICAL EVALUATION REYNOLDS OPERATION. JACK TENTATIVELY AGREED PROVIDE COPY TO OPIC, SUBJECT TO CONFIRMATION. UNSURPRISINGLY IT MORE CRITICAL THAN GERMAINE PAPER.

(E) GOG WILL NOT RPT NOT ACCEPT REPLACEMENT VALUE AS BASIS FOR COMPENSATION PRICE, BUT CONTINUES MAKE CASE FOR WRITTEN DOWN BOOK VALUE.

(F) JACK ANNOUNCED THAT GOG WOULD PROMULGATE CERTIFICATE ON SATURDAY (12/7) REFERRING TO SECTION 4 (1) OF BAUXITE NATIONALIZATION ACT OF 1971 WHEREBY GOG CERTIFIES THAT NEGOTIATIONS FOR PARTICIPATION OF GOVT IN REYNOLDS OPERATION HAVE BEEN CONCLUDED WITHOUT AGREEMENT. JACK DID NOT RPT NOT ANTICIPATE PRESS RELEASE WITH CERTIFICATE, BUT AGREED TO GIVE US ADVANCE COPY IF ANY.

(G) HUNT AGREED TO PREPARE OUTLINE OF AGREEMENT AND URGED GOG TO PREPARE TO FILL IN NUMBERS PROMPTLY. HUNT REITERATED EARLIER COMMENTS (REFTEL) THAT CRUCIAL FACTOR WAS BOTTOM LINE FIGURE RELATED TO OPIC LIABILITY.

2. NEXT MEETING SCHEDULED FOR TOMORROW (12/6) AT 10 A.M. TO DISCUSS PENSIONS WITH MINFIN OFFICIALS. HOPE TO SCHEDULE SECOND SESSION WITH MINMINES FOR LATER IN DAY.
KREBS

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